

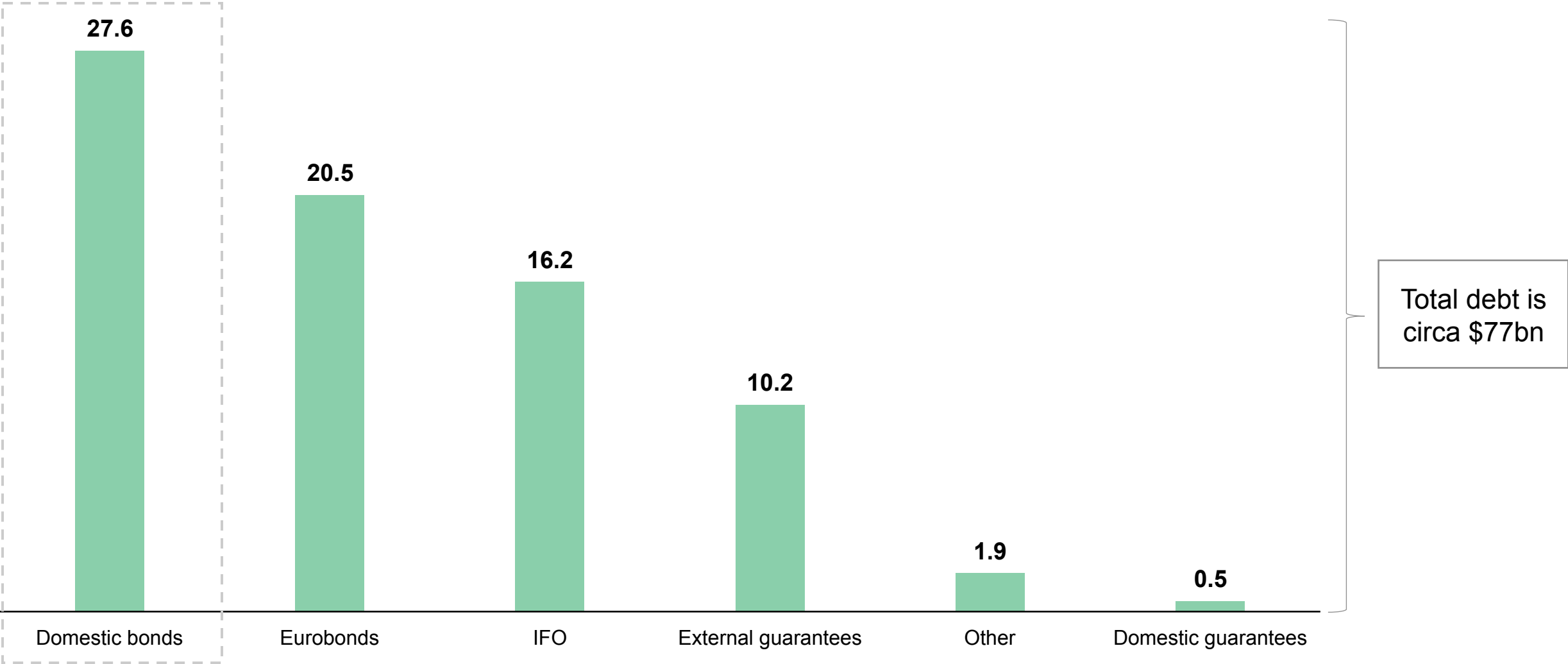


*LOCAL BROKERAGE SERVICES*

*Confidence backed by experience*

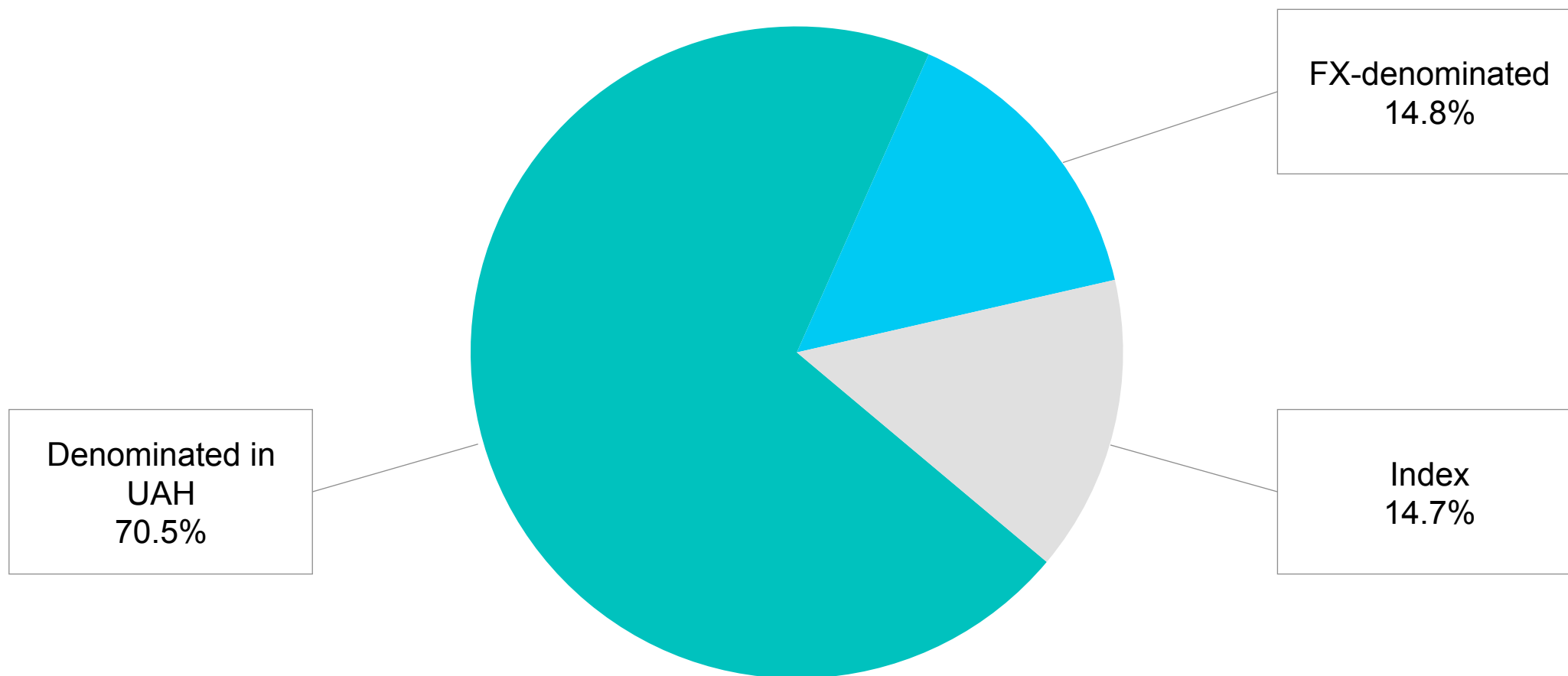
# Domestic bonds account for 36% of Ukrainian state and state-guaranteed debt

(\$bn as of Feb 2018)



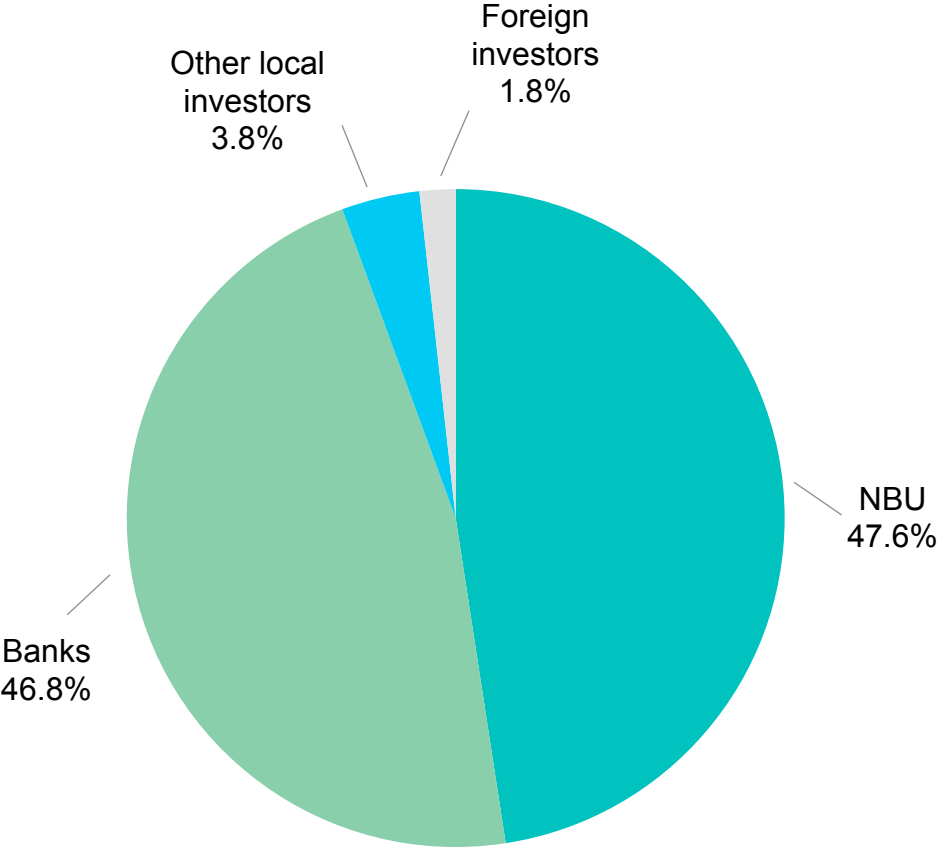
Source: Ministry of Finance of Ukraine, ICU

## More than 70% of domestic bonds are denominated in local currency (UAH)



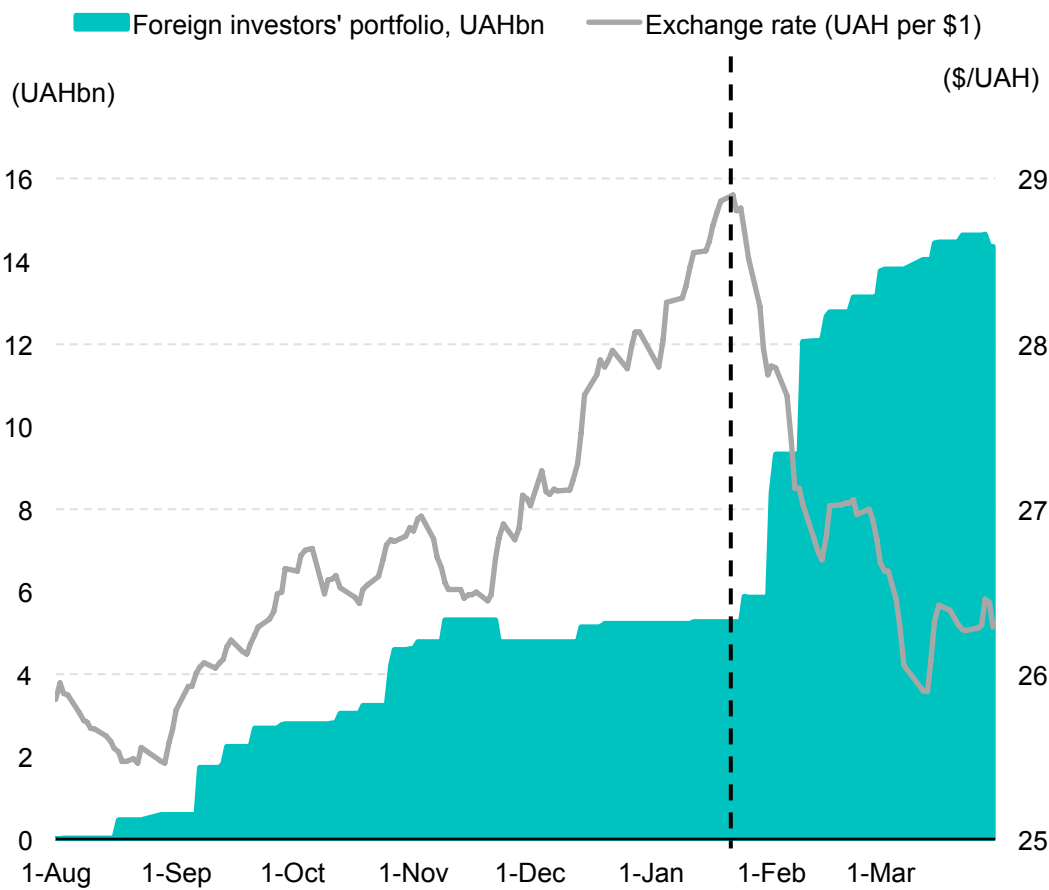
# NBU is the largest local bondholder but foreign investors' portfolio is growing

Total structure of domestic bondholders



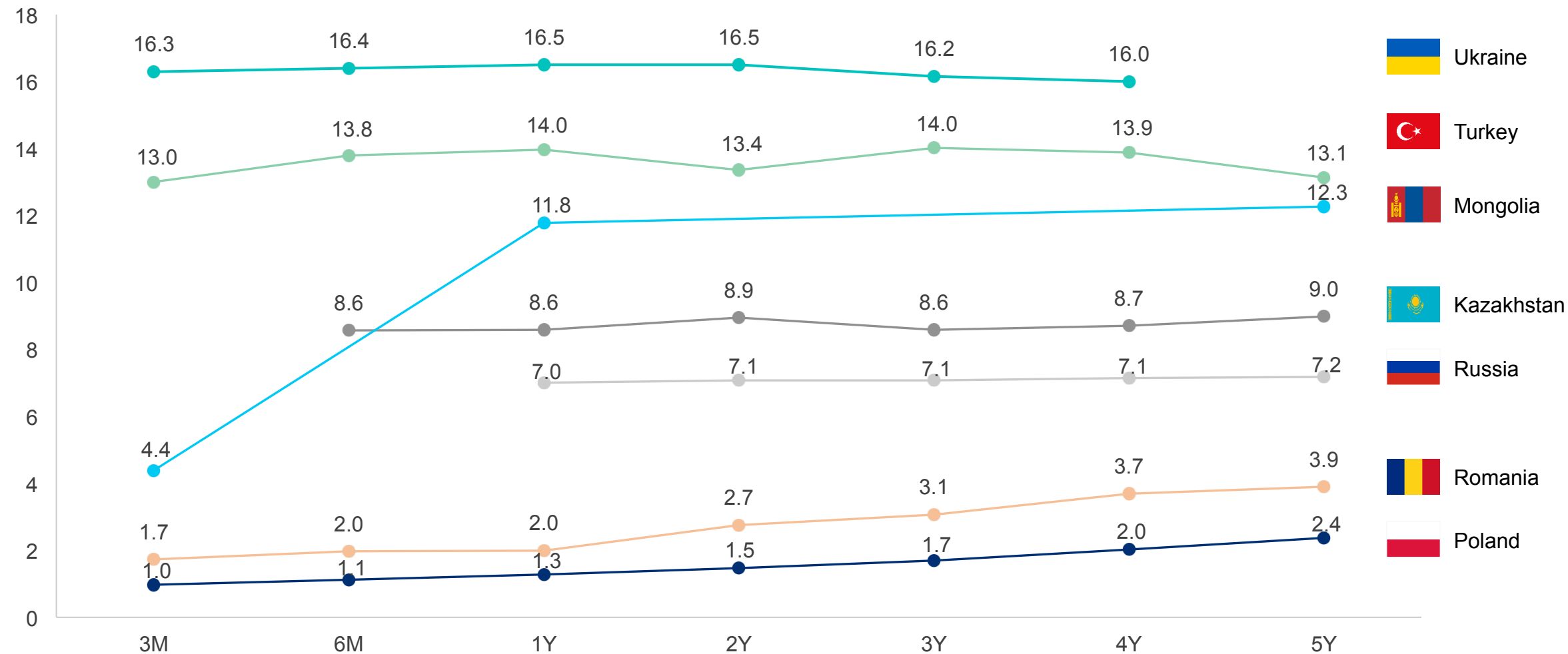
Source: National bank of Ukraine, ICU

Foreign investors' portfolio development



Source: National bank of Ukraine, ICU

# Ukrainian local government bonds offer the highest yields in the region, 2018\*



\* The data presented as of the 10<sup>th</sup> of April, 2018

# Tax regime is investor friendly



- Interest income from government bonds (coupon or other income paid by issuer/state) is not taxable in Ukraine.



- Capital gains from government bond trading is taxable under the following general rules:
  - 15% rate is applicable on interest-bearing bonds trading gain
  - 18% rate is applicable on zero-coupon (discount) bonds trading gain

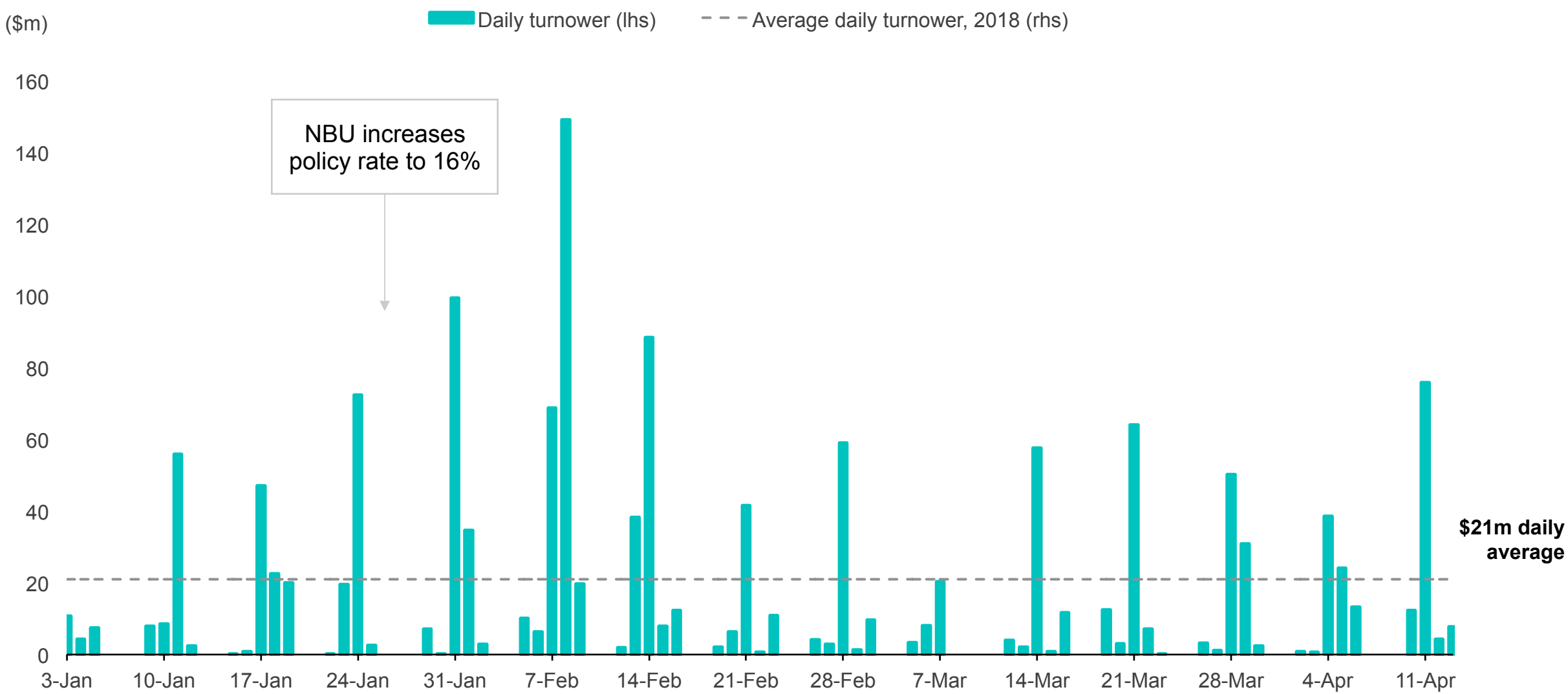


- The rate under the double taxation treaty (DTT) between Ukraine and the country of residence of the investor shall be applied in case such DTT is in place.



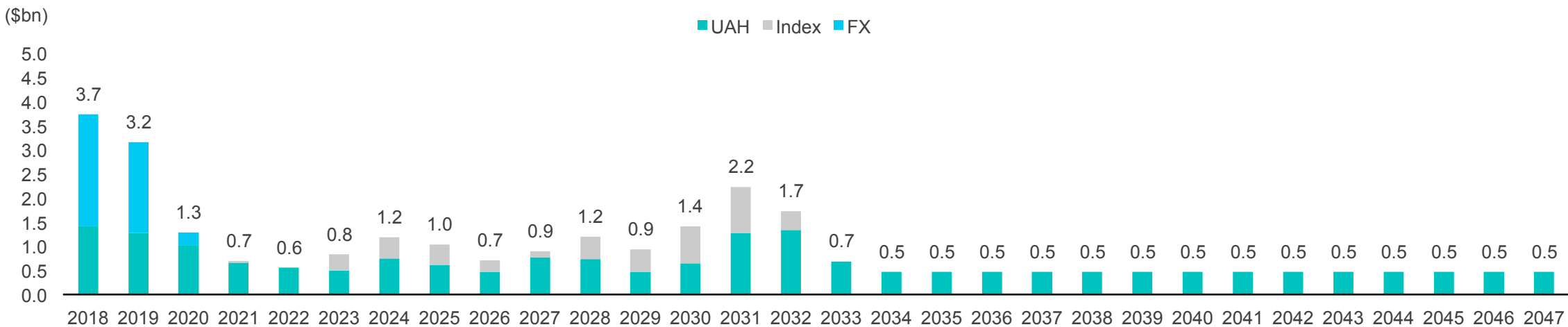
- Ukraine signed agreements with more than 60 countries for avoidance of double taxation

# Active market with a daily turnover of over \$20m on average

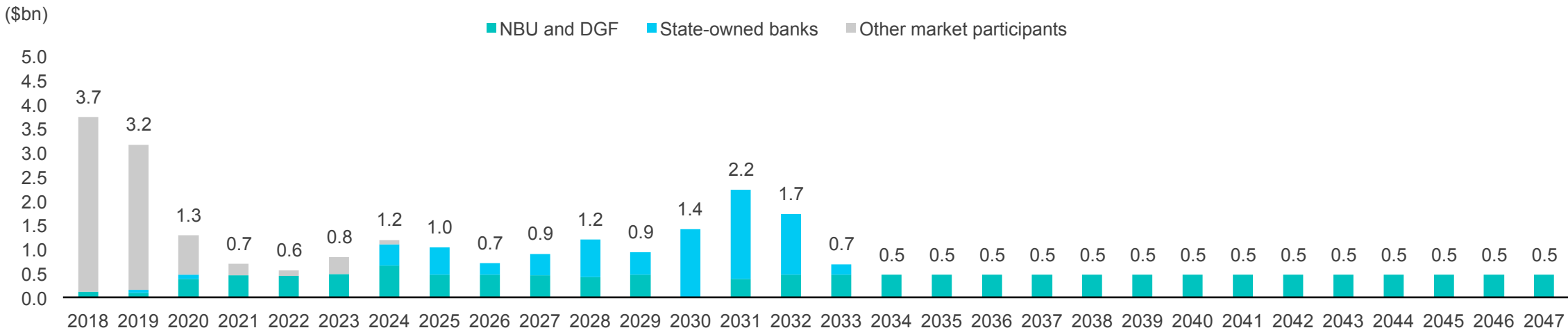


# Recent restructuring smoothed government debt maturity schedule

Maturity by currency, \$bn



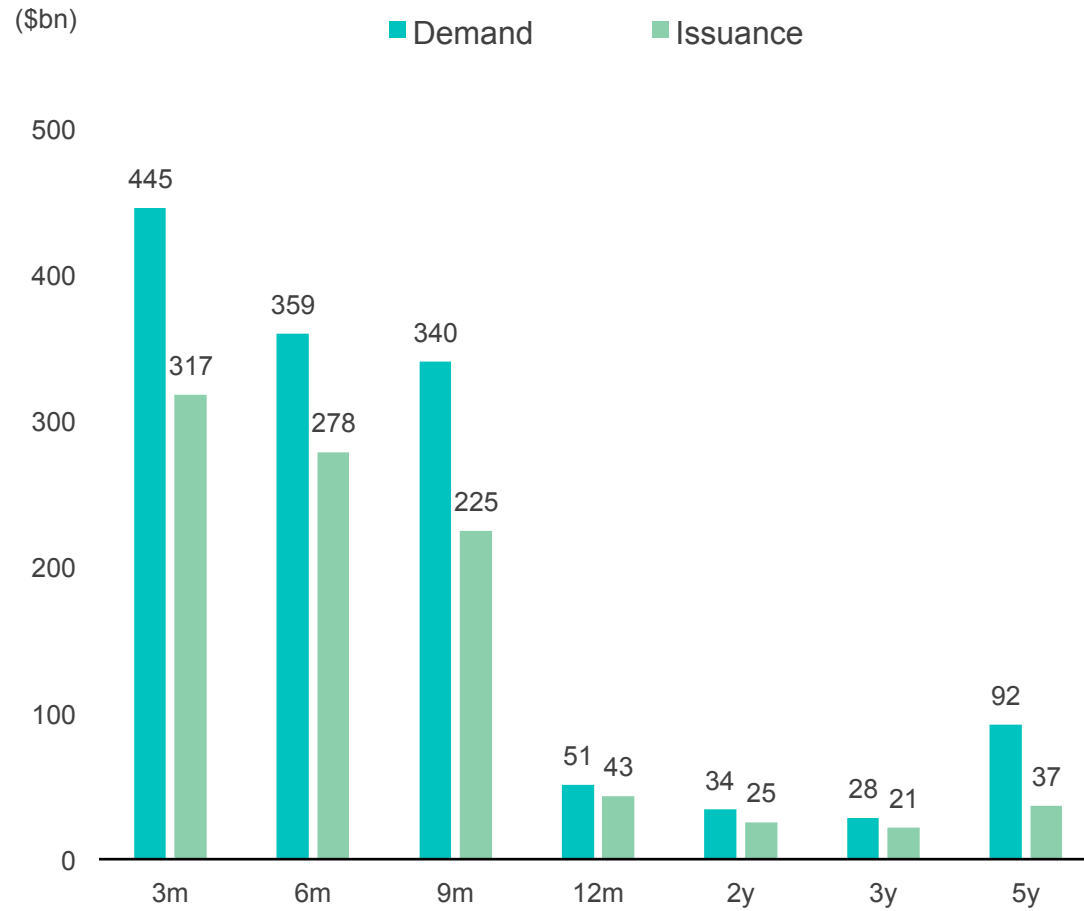
Maturity by bondholders, \$bn





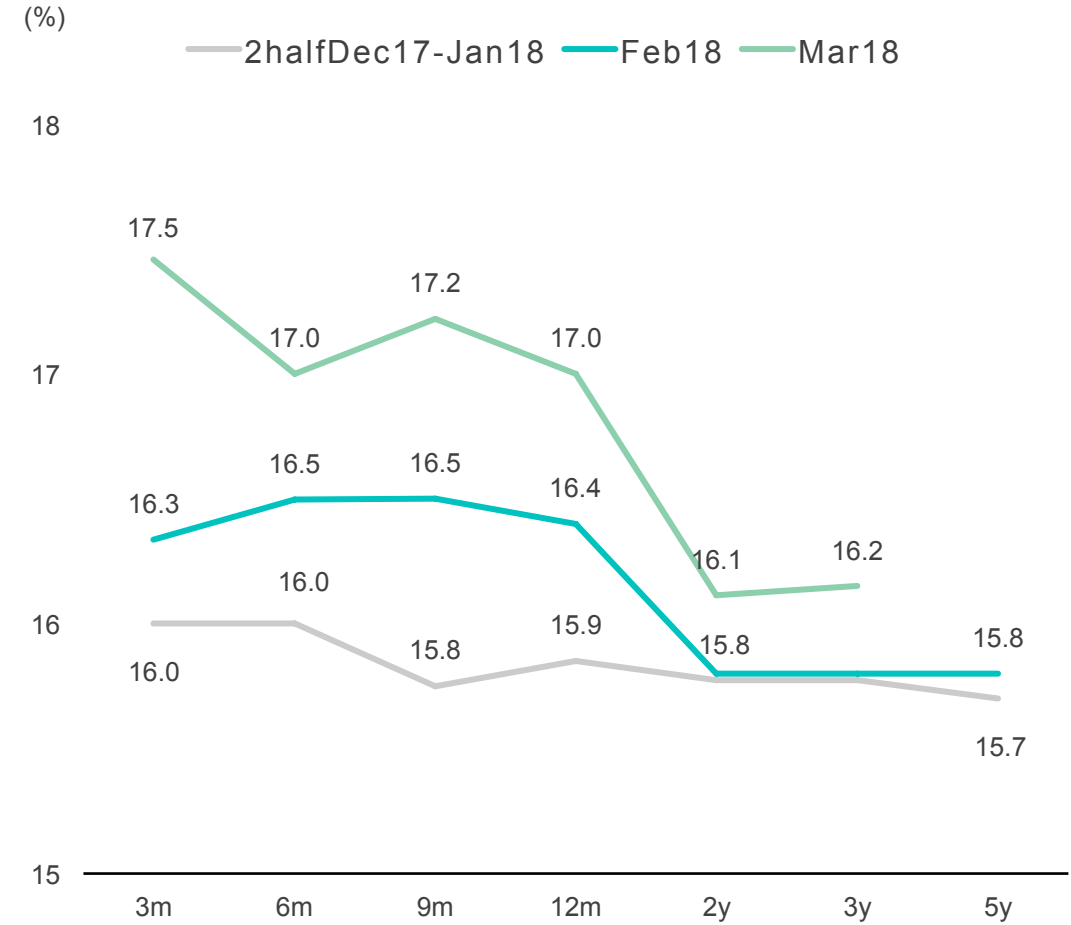
# 1.4X bid cover ratio indicative of strong demand for local-currency bonds

**Demand and issuance by maturities (UAH denominated bonds), 2018**



Source: Ministry of Finance of Ukraine, ICU

**Average yields at primary auctions**



Source: Ministry of Finance of Ukraine, ICU

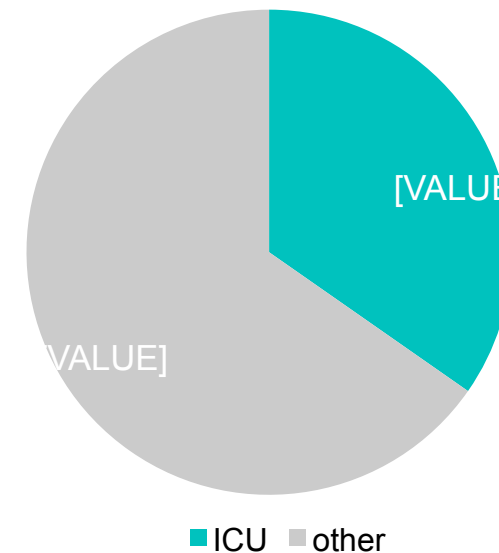
# ICU is #1 dealer-broker of local government bonds by number of transaction



## Brokerage activity

- 1<sup>st</sup> place by number of government bonds transactions 2014, 2015 and 2016 (Cbonds, Association «Ukrainian Stock Traders»)
- 29.3% market share by trading volume on exchange deals (60.2 UAH billion in 2017)
- 31.2% market share by trading volume of government bonds on exchange deals (59.1 UAH billion in 2017)
- Over 190 brokerage agreements signed

ICU's share by number of government bonds' transactions on stock exchanges and OTC markets in 2016



Source: AUST, Cbonds

# ICU offers a full array of services for local bond investors



## Brokerage

- Brokerage services
- Access to stock exchanges:
  - Perspectiva
  - PFTS
  - UX
- Market maker in Ukrainian local bond market
- Large own flow book allows competitive pricing

## Bank services

- FX exchange
- Current and deposit accounts
- Investment accounts
- Money transfers

## Custody services

- Services for securities accounts

- ICU has all necessary licenses to conduct brokerage, banking and custody services

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## **Yevgeniya Gryshchenko**

Vice-President

Head of brokerage services department

LEONARDO Business Centre  
19-21 Bohdan Khmelnytskyi Street,  
Kiev, 01030 Ukraine

T +38 (044) 377-70-40 (Ext.705)

T +38 (044) 377-70-41

M +38 (067) 408 97 87

e-mail: [yevgeniya.gryshchenko@icu.ua](mailto:yevgeniya.gryshchenko@icu.ua)

web: <http://icu.ua/>

## **Giles Farley**

Director

Institutional sales

LEONARDO Business Centre  
19-21 Bohdan Khmelnytskyi Street,  
Kiev, 01030 Ukraine

T +38 (044) 377-70-40 (Ext.712)

T +38 (044) 377-70-41

M +38 (067) 534 59 69

e-mail: [giles.farley@icu.ua](mailto:giles.farley@icu.ua)

web: <http://icu.ua/>

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